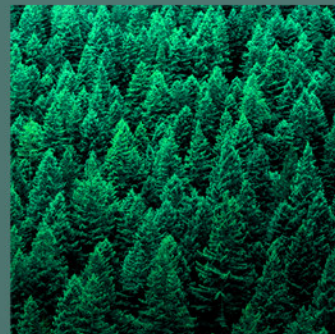


Second Quarter 2010 Financial Presentation Material



Rayonier

Safe Harbor

Certain statements in this document regarding anticipated financial outcomes including earnings guidance, if any, business and market conditions, outlook and other similar statements relating to Rayonier's future financial and operational performance, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "anticipate" and other similar language. Forward-looking statements are not guarantees of future performance and undue reliance should not be placed on these statements.

The following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the effect of the current economic downturn, which is impacting many areas of our economy, including the housing market, availability and cost of credit, and demand for our products and real estate; the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events, including political changes in particular regions or countries; the uncertainties of potential impacts of climate-related initiatives; changes in energy and raw material prices, particularly for our Performance Fibers and wood products businesses; impacts of the rising cost of fuel, including the cost and availability of transportation for our products, both domestically and internationally, and the cost and availability of third party logging and trucking services; unanticipated equipment maintenance and repair requirements at our manufacturing facilities; the geographic concentration of a significant portion of our timberland; our ability to identify and complete timberland acquisitions; changes in environmental laws and regulations, including laws regarding air emissions and water discharges, remediation of contaminated sites, timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products and raw materials such as wood, energy and chemicals; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; the ability to complete like-kind exchanges of property; changes in key management and personnel; our ability to continue to qualify as a REIT and to fund distributions using cash generated through our taxable REIT subsidiaries; and changes in tax laws that could reduce the benefits associated with REIT status, or the alternative fuel mixture credit discussed in this document.

In addition, specifically with respect to our Real Estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical nature of the real estate business generally, including fluctuations in demand for both entitled and unentitled property; the current downturn in the housing market, the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; the potential for legal challenges to entitlements and permits in connection with our properties; unexpected delays in the entry into or closing of real estate transactions; the existence of competing developers and communities in the markets in which we own property; the pace of development and the rate and timing of absorption of existing entitled property in the markets in which we own property; changes in the demographics affecting projected population growth and migration to the Southeastern U.S.; changes in environmental laws and regulations, including laws regarding water withdrawal and management and delineation of wetlands, that may restrict or adversely impact our ability to sell or develop properties; the cost of the development of property generally, including the cost of property taxes, labor and construction materials; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

Additional factors are described in the company's most recent Form 10-K and 10-Q reports on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.

Financial Highlights

(\$ Millions - Except EPS)

	<u>2Q 2010</u>	<u>1Q 2010</u>	<u>2Q 2009</u>
<u>Profitability</u>			
Sales	312	310	279
Operating income	56	77	134
Pro forma operating income *	56	65	48
Net income	39	57	108
Pro forma net income *	39	46	28
Earnings Per Share:			
Net income	0.48	0.71	1.35
Pro forma net income *	0.48	0.56	0.36
Average diluted shares (millions)	81.1	80.7	79.8

	<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Capital Resources and Liquidity</u>		
Cash Provided by Operating Activities	356	127
Cash Used for Investing Activities	(77)	(53)
Cash Used for Financing Activities	(10)	(76)
Adjusted EBITDA *	201	183
Cash Available for Distribution (CAD) *	303	96
	<u>6/30/2010</u>	<u>12/31/2009</u>
Debt	764	700
Debt / Capital	39.3%	37.9%
Cash	344	75

* Non-GAAP measures (see pages 6, 17, 18, 19, 20 and 21 for definitions and reconciliations).

Variance Analysis – 1Q 10 to 2Q 10 (\$ Millions)

Operating Income

2010 1Q (Pro forma) *	\$ 65
Variance	
Timber	
- Price	3
- Volume	(1)
- Costs / Other	(2)
Real Estate	(13)
Performance Fibers	
- Price - Absorbent Materials	3
- Volume	1
- Cost / Other	(4)
Wood Products - Price	4
2010 2Q (Pro forma) *	<u>\$ 56</u>

* Non-GAAP measure (See page 18 for reconciliation).

Variance Analysis – 2Q 09 to 2Q 10 (\$ Millions)

	Operating Income	
	Quarter	Year-to-date
2009 2Q	\$ 48	\$ 92
Variance		
Timber		
- Price	11	17
- Volume	(3)	(3)
- Costs / Other	-	5
Real Estate	(20)	(17)
Performance Fibers		
- Price	(2)	(7)
- Volume	11	11
- Costs / Other	1	10
Wood Products	7	10
Other Operations	3	3
2010 2Q (Pro forma)*	\$ 56	\$ 121

* Non-GAAP measure (See page 18 and 19 for reconciliation).

Cash Available for Distribution*

(\$ Millions – Except Per Share Data)

	Six Months Ended June 30,	
	<u>2010</u>	<u>2009</u>
Cash Available for Distribution (CAD)		
Cash provided by operating activities	\$ 355.8	\$ 127.2
Capital expenditures **	(71.3)	(50.1)
Change in committed cash	9.9	20.5
Other	8.8	(1.2)
Cash Available for Distribution	<u>\$ 303.2</u>	<u>\$ 96.4</u>
Shares outstanding	<u>80,253,894</u>	<u>79,170,914</u>
CAD per share	\$ 3.78	\$ 1.22
Dividends per share	\$ 1.00	\$ 1.00

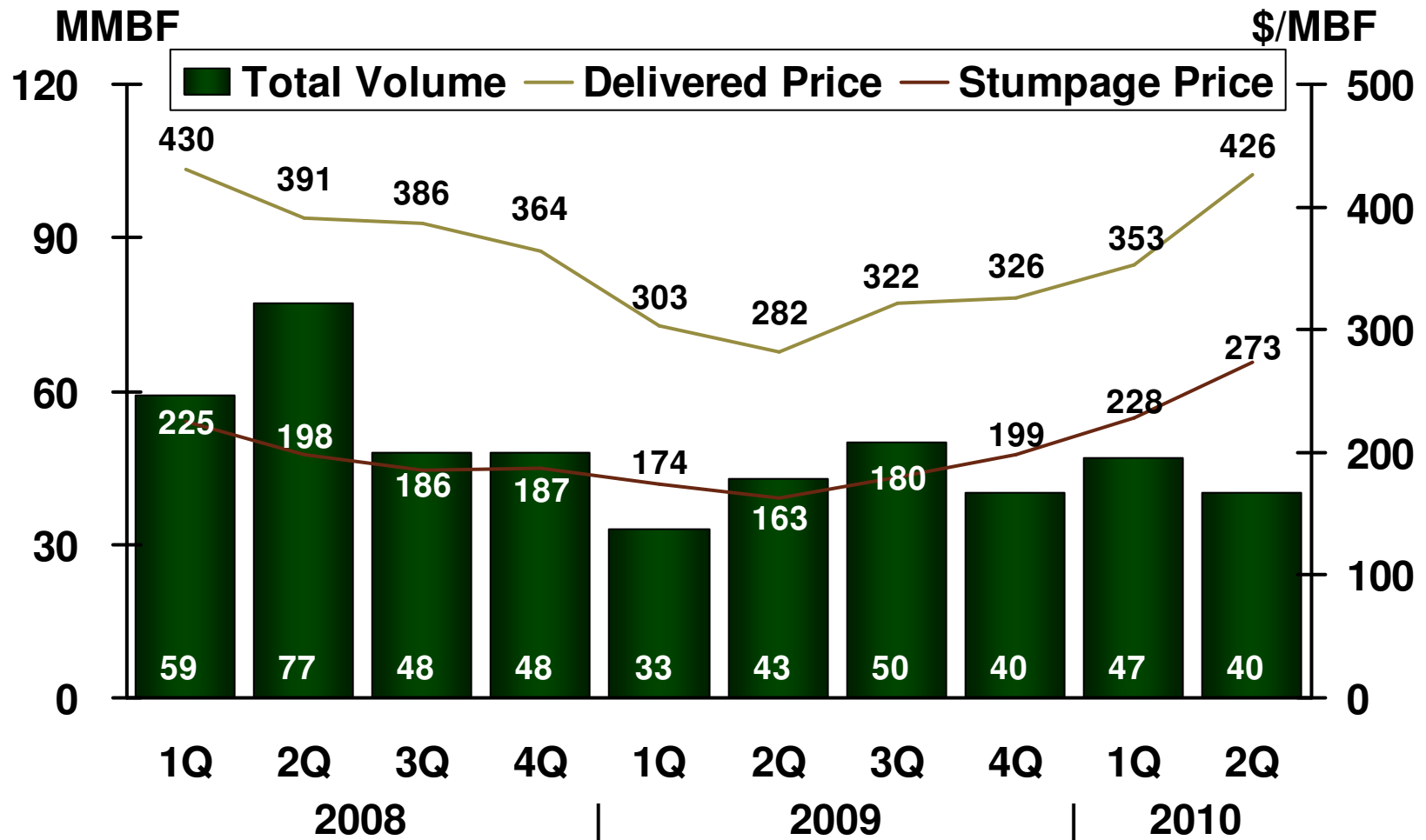
* Non-GAAP measure (See page 17 for definition).

** Capital spending excludes strategic acquisitions.



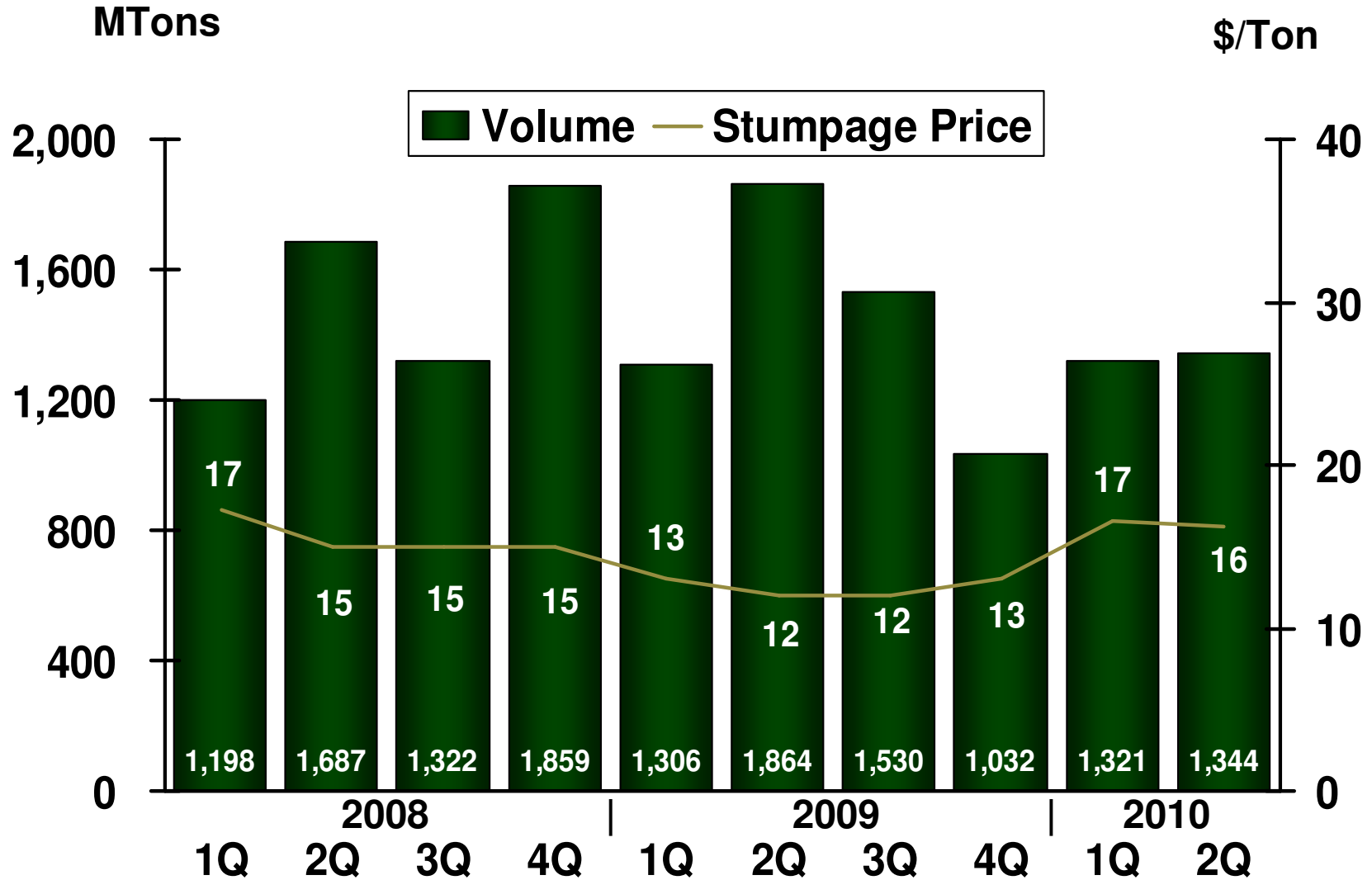
Markets and Operations

Western Timber Sales *



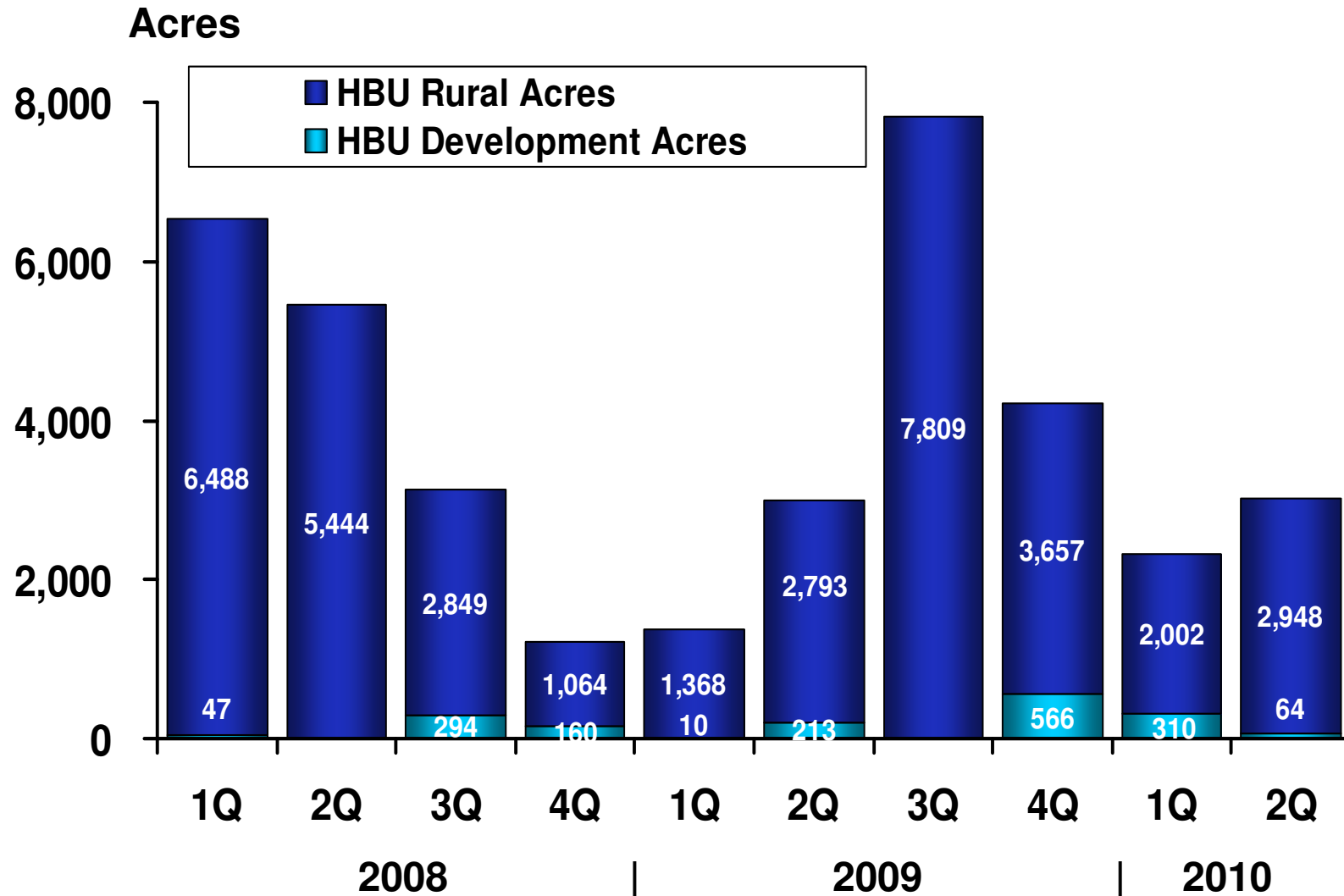
* The Western region represents the Company's operations in Washington State.

Eastern Pine Timber Sales *

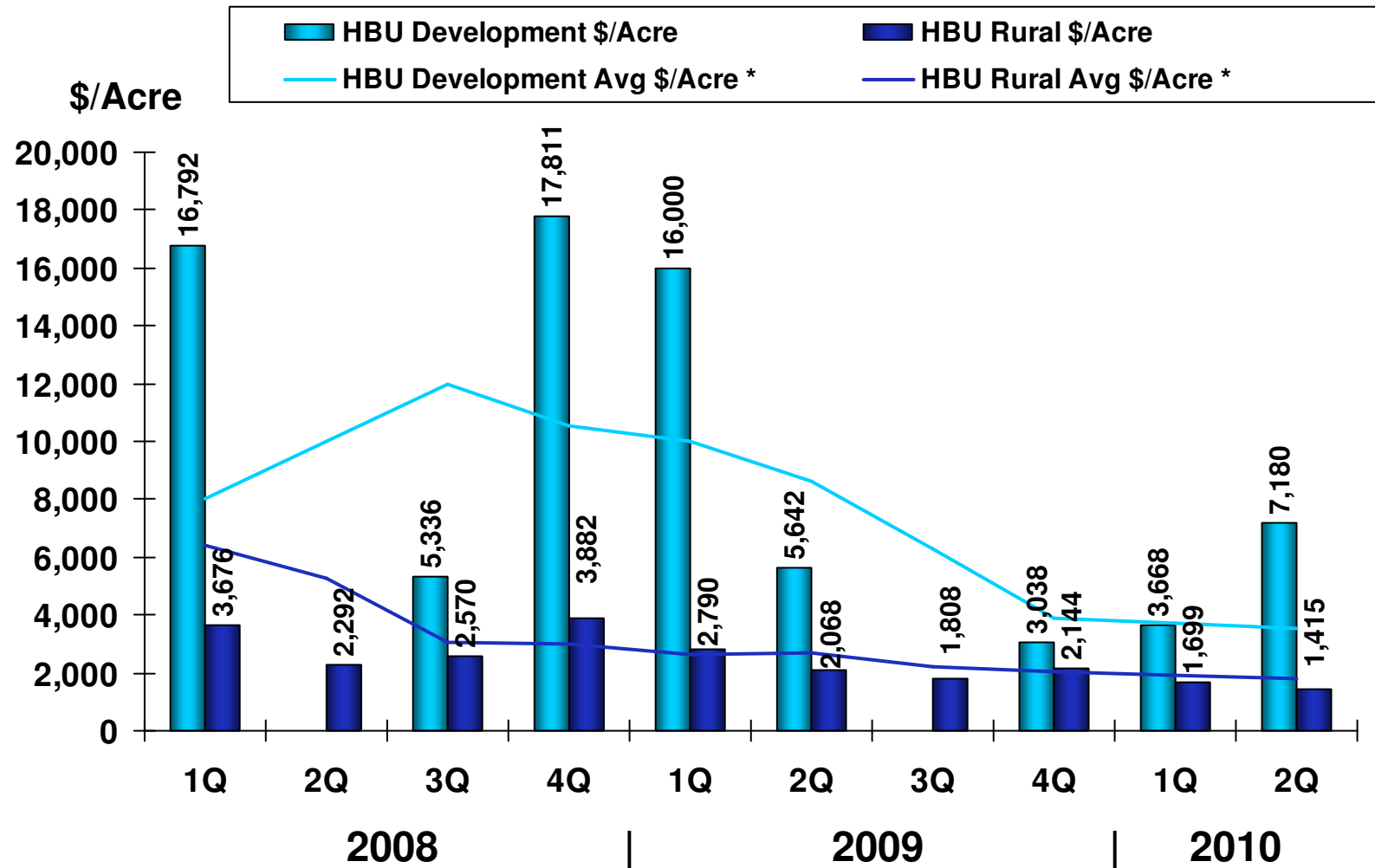


* The Eastern region represents the Company's operations in Alabama, Arkansas, Florida, Georgia, Louisiana, New York, Oklahoma and Texas.

HBU Real Estate Acres - Sales

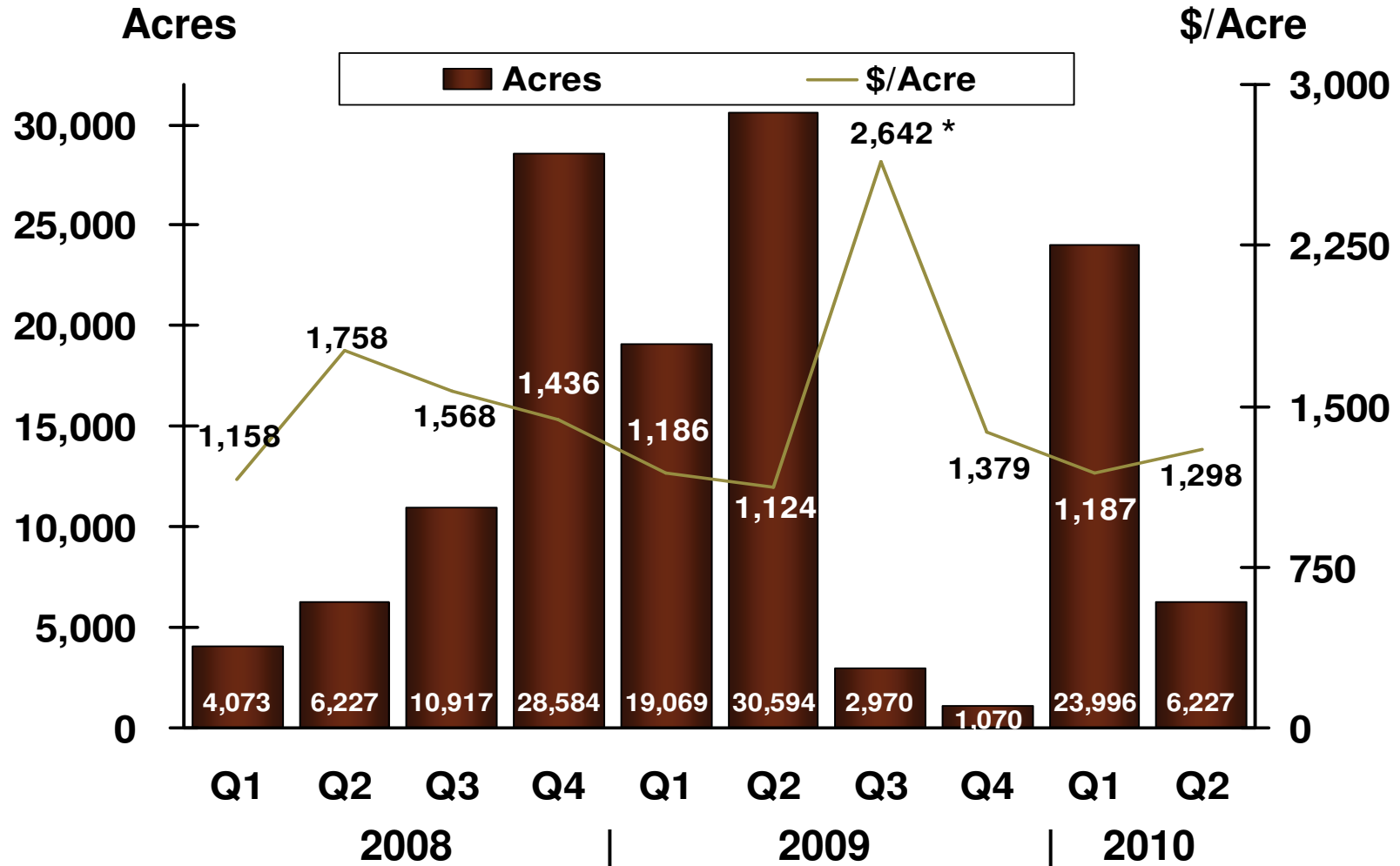


HBU Real Estate Sales Prices



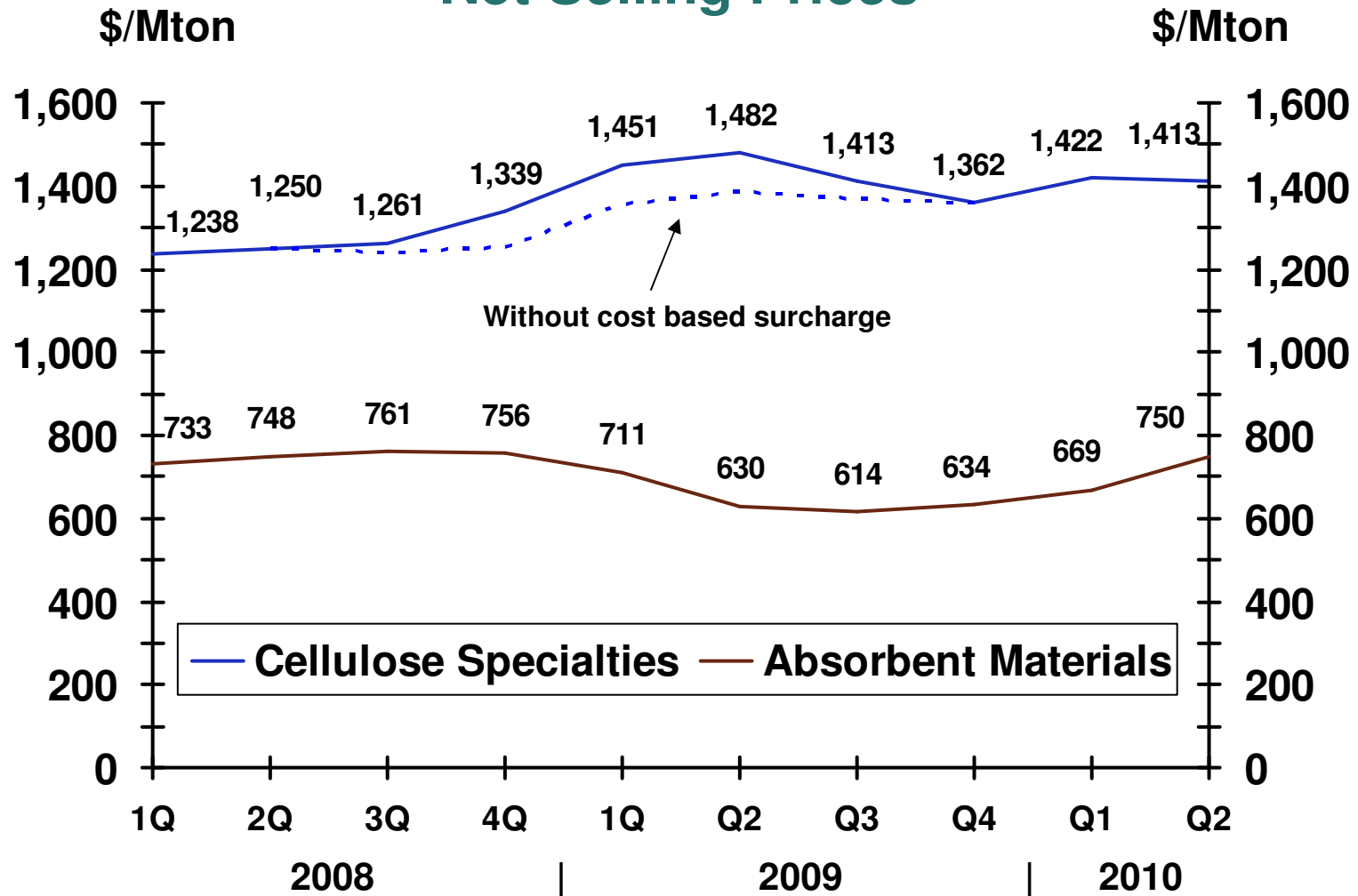
* Four quarter rolling weighted average.

Non-Strategic Timberland Acres - Sales



* Third quarter 2009 includes a proportionately higher percentage of sales in the Pacific Northwest where the price per acre is traditionally higher than the Southeast.

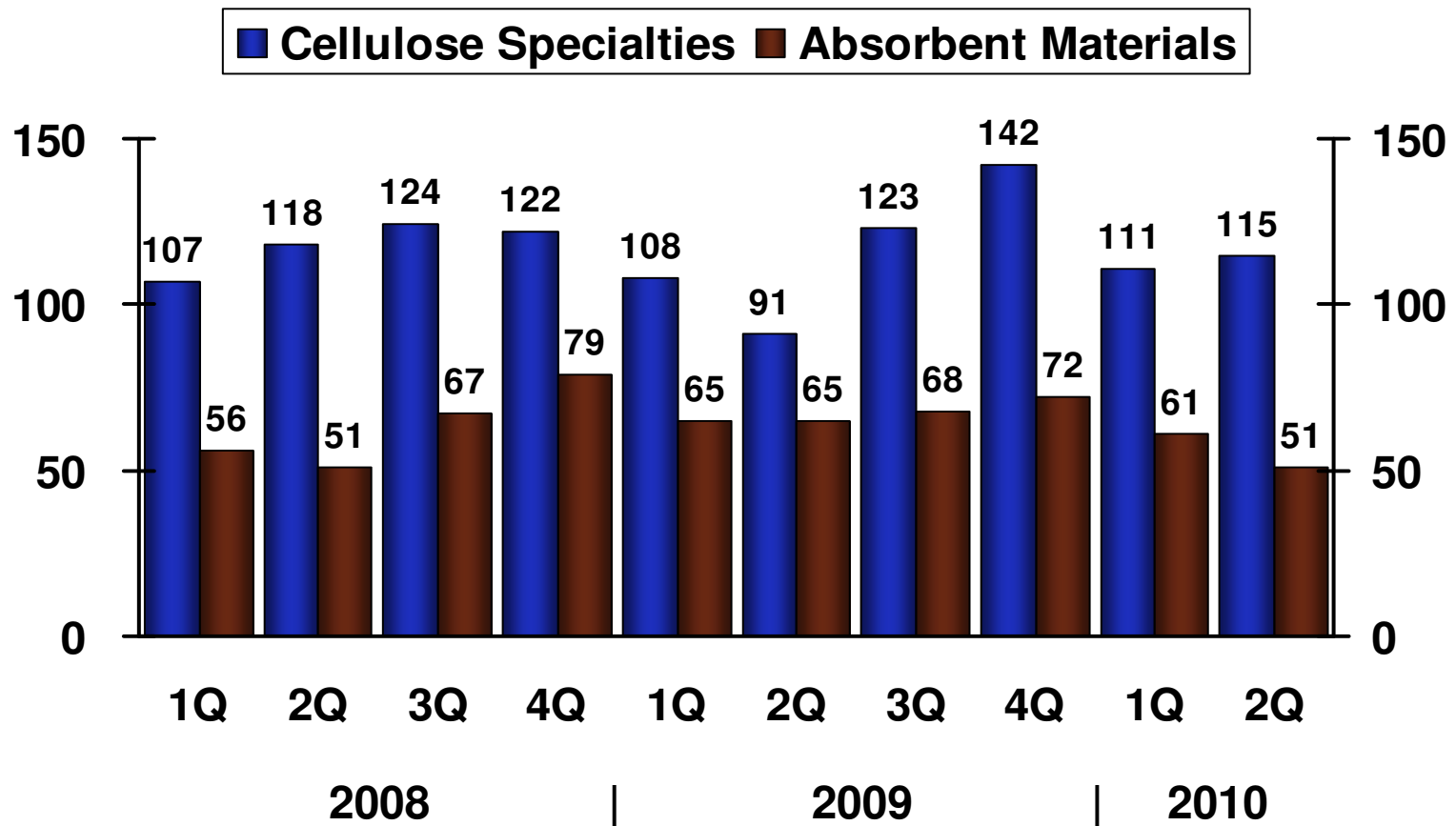
Performance Fibers Net Selling Prices



Performance Fibers Sales Volumes

M Metric Tons

M Metric Tons



Earnings Per Share

(\$ / Share)

	Pro forma *		Actual	
	2010	2009	2010	2009
First Quarter	\$ 0.56	\$ 0.33	\$ 0.71	\$ 0.33
Second Quarter	\$ 0.48	0.36	0.48	1.35
Third Quarter		0.40		1.01
Fourth Quarter		<u>0.42</u>	<u></u>	<u>1.21</u>
Full Year	(\$2.05 - \$2.20)	<u>\$ 1.50</u>	<u></u>	<u>\$ 3.91</u>

* First Quarter 2010 pro forma earnings per share excludes a \$0.15 benefit for the gain on sale of a portion of the company's interest in the New Zealand joint venture. Second, third and fourth quarter 2009 pro forma results exclude a per share benefit from the alternative fuel mixture credit of \$0.99, \$0.61 and \$0.79 respectively. Pro forma earnings per share is a non-GAAP measure, see page 18 for reconciliation.

Appendix

Definitions of Non-GAAP Measures

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization and the non-cash cost basis of real estate sold. Adjusted EBITDA is a non-GAAP measure of the operating cash generating capacity of the Company.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending, the tax benefits associated with certain strategic acquisitions, the change in committed cash, and other items which include cash provided by discontinued operations, proceeds from matured energy forward contracts, excess tax benefits on stock based compensation and the change in capital expenditures purchased on account. CAD is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and for strategic acquisitions net of associated financing. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Reconciliation of Reported to Pro Forma Earnings

(\$ Millions – Except EPS)

	Three Months Ended									
	June 30, 2010		Mar 31, 2010		Dec 31, 2009		Sep 30, 2009		June 30, 2009	
	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
Operating Income	\$ 56.3		\$ 76.9		\$ 120.9		\$ 111.1		\$ 134.2	
Gain on sale of portion of New Zealand JV interest	-		(12.4)		-		-		-	
Alternative Fuel Mixture Credit	-		-		(63.5)		(55.8)		(85.9)	
Pro Forma Operating Income	\$ 56.3		\$ 64.5		\$ 57.4		\$ 55.3		\$ 48.3	
Net Income	\$ 38.5	\$ 0.48	\$ 57.0	\$ 0.71	\$ 97.7	\$ 1.21	\$ 81.1	\$ 1.01	\$ 107.7	\$ 1.35
Gain on sale of portion of New Zealand JV interest	-	-	(11.5)	(0.15)	-	-	-	-	-	-
Alternative Fuel Mixture Credit	-	-	-	-	(64.3)	(0.79)	(49.1)	(0.61)	(79.3)	(0.99)
Pro Forma Net Income	\$ 38.5	\$ 0.48	\$ 45.5	\$ 0.56	\$ 33.4	\$ 0.42	\$ 32.0	\$ 0.40	\$ 28.4	\$ 0.36

Reconciliation of Reported to Pro Forma Earnings

(\$ Millions – Except EPS)

	Six Months Ended			
	June 30, 2010		June 30, 2009	
	\$	Per Diluted Share	\$	Per Diluted Share
Operating Income	\$ 133.2		\$ 177.4	
Gain on sale of portion of New Zealand JV interest	(12.4)		-	
Alternative Fuel Mixture Credit	-		(85.9)	
Pro Forma Operating Income	\$ 120.8		\$ 91.5	
Net Income	\$ 95.5	\$ 1.18	\$ 133.7	\$ 1.68
Gain on sale of portion of New Zealand JV interest	(11.5)	(0.14)	-	-
Alternative Fuel Mixture Credit	-	-	(79.3)	(1.00)
Pro Forma Net Income	\$ 84.0	\$ 1.04	\$ 54.4	\$ 0.68

Adjusted EBITDA by Segment (\$ Millions)

	Timber	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
Three Months Ended							
June 30, 2010							
Operating Income	\$ 8.7	\$ 4.1	\$ 45.0	\$ 4.3	\$ 0.7	\$ (6.5)	\$ 56.3
Depreciation, depletion and amortization	17.2	2.5	12.2	1.1	-	0.2	33.2
Non-cash cost of real estate sold	-	1.2	-	-	-	-	1.2
Adjusted EBITDA	<u>\$ 25.9</u>	<u>\$ 7.8</u>	<u>\$ 57.2</u>	<u>\$ 5.4</u>	<u>\$ 0.7</u>	<u>\$ (6.3)</u>	<u>\$ 90.7</u>
March 31, 2010							
Pro forma Operating Income *	\$ 8.2	\$ 17.4	\$ 44.9	\$ -	\$ 0.6	\$ (6.6)	\$ 64.5
Depreciation, depletion and amortization	16.8	9.5	15.8	1.1	-	0.1	43.3
Non-cash cost of real estate sold	-	2.2	-	-	-	-	2.2
Adjusted EBITDA	<u>\$ 25.0</u>	<u>\$ 29.1</u>	<u>\$ 60.7</u>	<u>\$ 1.1</u>	<u>\$ 0.6</u>	<u>\$ (6.5)</u>	<u>\$ 110.0</u>
June 30, 2009							
Pro forma Operating Income *	\$ 0.4	\$ 24.2	\$ 34.7	\$ (2.6)	\$ (2.1)	\$ (6.3)	\$ 48.3
Depreciation, depletion and amortization	22.0	12.1	12.7	1.3	-	0.1	48.2
Non-cash cost of real estate sold	-	1.7	-	-	-	-	1.7
Adjusted EBITDA	<u>\$ 22.4</u>	<u>\$ 38.0</u>	<u>\$ 47.4</u>	<u>\$ (1.3)</u>	<u>\$ (2.1)</u>	<u>\$ (6.2)</u>	<u>\$ 98.2</u>

* Pro forma operating income is a non-GAAP measure, see page 18 for reconciliation.

Adjusted EBITDA by Segment (\$ Millions)

Six Months Ended	<u>Timber</u>	<u>Real Estate</u>	<u>Performance Fibers</u>	<u>Wood Products</u>	<u>Trading</u>	<u>Corporate and other</u>	<u>Total</u>
June 30, 2010							
Pro forma Operating Income *	\$ 16.9	\$ 21.5	\$ 89.9	\$ 4.3	\$ 1.3	\$ (13.1)	\$ 120.8
Depreciation, depletion and amortization	34.0	12.0	28.0	2.2	-	0.3	76.5
Non-cash cost of real estate sold	-	3.4	-	-	-	-	3.4
Adjusted EBITDA	<u>\$ 50.9</u>	<u>\$ 36.9</u>	<u>\$ 117.9</u>	<u>\$ 6.5</u>	<u>\$ 1.3</u>	<u>\$ (12.8)</u>	<u>\$ 200.7</u>
June 30, 2009							
Pro forma Operating Income *	\$ (1.9)	\$ 38.6	\$ 75.5	\$ (6.1)	\$ (1.3)	\$ (13.3)	\$ 91.5
Depreciation, depletion and amortization	39.4	17.5	27.0	2.4	-	0.3	86.6
Non-cash cost of real estate sold	-	5.2	-	-	-	-	5.2
Adjusted EBITDA	<u>\$ 37.5</u>	<u>\$ 61.3</u>	<u>\$ 102.5</u>	<u>\$ (3.7)</u>	<u>\$ (1.3)</u>	<u>\$ (13.0)</u>	<u>\$ 183.3</u>

* Pro forma operating income is a non-GAAP measure, see page 19 for reconciliation.

Timber Supplemental Financial Data (\$ Millions)

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Timber					
Sales					
Western U.S.	\$ 16.6	\$ 15.3	\$ 10.7	\$ 31.9	\$ 20.0
Eastern U.S.	29.8	29.5	30.9	59.3	54.7
New Zealand *	2.5	2.3	2.0	4.8	3.8
Total	<u>\$ 48.9</u>	<u>\$ 47.1</u>	<u>\$ 43.6</u>	<u>\$ 96.0</u>	<u>\$ 78.5</u>
Operating income / (loss)					
Western U.S.	\$ 2.4	\$ 0.4	\$ (2.4)	\$ 2.8	\$ (6.3)
Eastern U.S.	5.4	8.3	3.4	13.7	6.3
New Zealand / Other **	0.9	(0.5)	(0.6)	0.4	(1.9)
Total	<u>\$ 8.7</u>	<u>\$ 8.2</u>	<u>\$ 0.4</u>	<u>\$ 16.9</u>	<u>\$ (1.9)</u>

* Represents timberland management fees for services provided to the Matariki Forestry Group ("Matariki") of which Rayonier has a 26 percent equity interest.

** Primarily equity earnings related to the Matariki joint venture's timber activities.

Selected Operating Information

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Timber					
Sales Volume					
Western U.S. in millions of board feet	40	47	43	87	75
Eastern U.S. in thousands of short green tons	1,449	1,415	2,019	2,864	3,591
Real Estate					
Acres sold					
HBU Development	64	310	213	374	223
HBU Rural	2,948	2,002	2,793	4,950	4,162
Non-Strategic Timberlands	6,227	23,996	30,594	30,223	49,663
Total	9,239	26,308	33,600	35,547	54,048
Performance Fibers					
Sales Volume					
Cellulose specialties, in thousands of metric tons	115	111	91	226	199
Absorbent materials, in thousands of metric tons	51	61	65	112	130
Lumber					
Sales volume, in millions of board feet	65	55	57	120	110

Market Price and Dividend History

(\$ / Share)

	High	Low	Dividends
2010			
Second Quarter	\$ 50.72	\$ 41.57	\$ 0.50
First Quarter	\$ 46.41	\$ 39.70	\$ 0.50
2009			
Fourth Quarter	\$ 43.92	\$ 37.88	\$ 0.50
Third Quarter	\$ 45.00	\$ 33.63	\$ 0.50
Second Quarter	\$ 41.79	\$ 29.35	\$ 0.50
First Quarter	\$ 32.40	\$ 22.28	\$ 0.50
2008			
Fourth Quarter	\$ 47.09	\$ 26.58	\$ 0.50
Third Quarter	\$ 49.54	\$ 40.60	\$ 0.50
Second Quarter	\$ 48.00	\$ 41.88	\$ 0.50
First Quarter	\$ 47.37	\$ 35.36	\$ 0.50

Wood Products Southeast Lumber Sales

